



**STATE OF NEVADA
GAMING CONTROL BOARD**

INTERNAL AUDIT COMPLIANCE CHECKLISTS

Current as of October 1, 2000

STATE OF NEVADA
GAMING CONTROL BOARD
INTERNAL AUDIT COMPLIANCE CHECKLISTS

INTRODUCTION

The “Internal Audit Compliance Checklists” are supplemental internal audit programs, checklists and guidelines. They were developed to ensure that all licensees who are required to provide for an internal audit function (i.e., Group I nonrestricted licensees) are performing a minimum amount and similar types of internal audit compliance procedures pursuant to the Minimum Internal Control Standards (MICS).

The Internal Audit Compliance Checklists are designed to be used in conjunction with the CPA MICS and 6A MICS Compliance Checklists and, therefore, do not separately address compliance with the MICS. There are internal audit checklists for all gaming revenue areas, areas subject to the casino entertainment tax, Regulation 6A and for miscellaneous regulations.

The authority for the adoption of supplemental internal audit programs, checklists and guidelines may be found in the Internal Audit Standards (Version 4) and the Currency Transaction Reporting Standards (Version 3) of the MICS adopted pursuant to Regulations 6.090 and 6A.060 and effective January 1, 1997 and March 15, 1997, respectively.

A companion document, the Gaming Audit Procedures Manual (GAP Manual), useful in assisting casino accounting and auditing personnel in complying with the myriad of gaming laws and regulations currently in effect, has been issued in conjunction with the Internal Audit Compliance Checklists. Please see the Board’s website at <http://www.state.nv.us/gaming/> for a copy of this document or more information

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Objectives

NRS 463.157 provides for the adoption and use of internal audits, which operate through the observation, testing and evaluation of controls over a licensee's internal fiscal affairs. These include, but are not limited to, provisions for the safeguarding of its assets and revenues, especially the recording of cash and evidences of indebtedness; and the provision of reliable records, accounts and reports of transactions, operations and events.

In connection with the adoption of Version 4 of the Internal Audit Minimum Internal Control Standards (MICS) and Version 3 of the 6A MICS pursuant to Regulations 6.090 and 6A.060, respectively, the Board is publishing supplemental checklists, programs and guidelines for use in satisfying those standards.

The primary objective of these supplemental checklists, programs and guidelines is to provide guidance on what is necessary to comply with the internal audit sections of the MICS. A secondary objective is to provide some consistency among internal audit departments and CPA's performing internal audit work by standardizing the document examination sample sizes and the scope of the work to be performed. Standardized requirements ensure that all internal audit departments are performing a minimum amount of work. Additionally, by standardizing the formats, the Board is able to review workpapers in a more efficient and time saving manner without having to adjust to the myriad of individual/firm styles.

Each section contains a walk-through program and a testing program. Although the checklists are not to be considered all encompassing, they address regulations adopted through May 25, 2000. As the information changes due to the adoption of new regulations and/or statutes, you are expected to develop your own walk-through and/or testing procedures until updated versions of the checklists are distributed. Additionally, these Guidelines are not intended to limit the internal auditor to the performance of only the above-specified procedures. If additional procedures are performed (e.g., expanded document testing), the results should be included in the internal auditor's report.

A companion document to these checklists is a terminology and general audit information guide entitled "Gaming Audit Procedures Manual" ("GAP" manual). This manual contains audit tips and current Board policies/interpretations that may be referenced as compliance work is performed.

Applicability

All nonrestricted Group I licensees, as defined in Regulation 6.010(5), are subject to these additional requirements and must provide for an internal audit function. For licensees

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who are not required to maintain a separate internal audit department, personnel who are independent with respect to the departments/procedures being examined must perform the internal audit work.

A separate internal audit department, whose primary function is performing internal audit work and who is independent with respect to the departments subject to audit, must be maintained by licensees who meet either of the following criteria:

1. A single licensee having gross gaming revenue in excess of \$10 million for the 12 months ended June 30; or
2. Two or more licensees with essentially common ownership and/or management having combined gross gaming revenue in excess of \$10 million for the 12 months ended June 30.

When determining the combined gross gaming revenue, include only those nonrestricted locations classified as Group I licensees. For example, the following three licensees have essentially common ownership and management:

(Property 1) A Group I with gross gaming revenues of \$6 million;

(Property 2) A Group I with gross gaming revenues of \$3.5 million;

(Property 3) A Group II with gross gaming revenues of \$2 million.

The Group I licensees (Properties 1 and 2), with total combined revenues of \$9.5 million, would not be required to maintain a separate internal audit department.

Additionally, all 6A licensees, as defined in Regulation 6A.010(9), must provide for an internal audit function and must perform the required Regulation 6A - Currency Transaction Reporting procedures. Generally, a 6A licensee has annual gross gaming revenues of over \$10 million **and** table games statistical win of over \$2 million. The Chairman may also designate 6A licensee status.

Individuals Who Can Perform the Internal Auditor Function

As part of the internal auditor's walk-through procedures, the auditor is required to complete the CPA MICS Compliance Checklists. These checklists must be separately completed by both the internal auditors and the CPA **if** the CPA does **not** rely on the

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internal audit department as allowed in the CPA MICS Compliance Reporting Requirements Guidelines. If the CPA does rely on the internal audit department, another CPA is engaged to perform the internal audit procedures, or a CPA is engaged to perform both the internal audit procedures and the CPA compliance procedures, the checklists only need to be completed as required for the internal audit function. The table games and slot drop/count observations must still be performed by the CPA as required in the CPA MICS Compliance Reporting Requirements Guidelines and do not take the place of any of the drop/count procedures required in the Internal Audit Compliance Checklists. Additionally, unannounced observations must still be performed by the CPA as required in the CPA 6A MICS Compliance Reporting Requirements Guidelines and do not take the place of any of the procedures required in the Internal Audit Compliance Checklists.

For those licensees that are required to maintain a separate internal audit department whether the internal audit procedures are performed by an in-house internal audit department or by an independent accountant, the auditor must be independent with respect to the departments subject to audit and must have:

1. A minimum of 6 months gaming accounting/auditing experience, or
2. A minimum of 6 months of accounting/auditing experience with a CPA firm,
or
3. Supervision provided by an auditor who meets the above requirements.

In certain limited circumstances an internal audit department may not satisfy the above criteria. For good cause, upon written request by a licensee, the Chairman or his designee may waive any of the preceding requirements. The above experience requirements are inapplicable to licensees that are **not** required to maintain separate internal audit departments. In addition to the above experience requirements, individuals performing 6A internal audits must also be trained pursuant to 6A MICS #64.

Required Procedures

The internal audit department will be required to:

1. Complete the applicable internal audit compliance walk-through procedures checklist and perform walk-throughs, observations and compliance testing. A separate checklist must be completed for each gaming revenue center, for all areas subject to casino entertainment tax, cage and credit, branch offices, EDP department, Regulation 6A, and other miscellaneous regulations. These checklists are used to determine if the licensee's procedures in effect and the documents in use comply with the MICS and applicable regulations.

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Walk-through checklists must be completed twice during each fiscal year (once in each six-month period, not in consecutive months) for the slot and table games departments, in each fiscal quarter for 6A (performed on all three different shifts, rotated among departments/contacts) and every other year for branch offices, when applicable. Walk-through checklists for all other areas need only be completed annually.

2. Use the applicable internal audit compliance testing procedures checklist and perform substantive testing of each gaming revenue center, for areas subject to casino entertainment tax, cage and credit, biennial branch office reviews, EDP department, and tests for compliance with gaming regulations including 6A. These checklists are used to determine if the licensee's recording and reporting procedures are adequate and accurate.

There is a separate program that covers miscellaneous compliance testing for Regulations 3.100 (employee report), 5.160 (surveillance standards), 6.040 (accounting records), 6.050 (records of ownership), 6.060 (record retention), 6.110 (proper reporting of revenue and slot hopper load analysis), 6.150 (minimum bankroll requirements), 8.130 (transaction reports) and 12.070 (redemption and disposal of discontinued chips and tokens), as well as license conditions, compliance committees and the Internet.

Testing procedures must be completed twice during each fiscal year (once in each six-month period, not in consecutive months) for the slot and table games departments, for each fiscal quarter for Regulation 6A which may be done at any time of the year ("Departmental Testing Procedures" checklist only) and every other year for branch offices, when applicable. Testing procedures for all other areas need only be completed annually, including the Regulation 6A "Specialist Testing Procedures" checklist.

Note: Photocopies of the checklists provided by the Board may be used. However, if your checklists are generated from Board-issued disks or your computer files, the format must be identical to that originally issued by the Board. A change from portrait to landscape is not considered a change in format. When modifying checklists due to regulatory changes or the addition of explanatory notes, the acceptable method will be to note the change following the question/procedure (which remains worded as issued by the Board). Although hard copies of the checklists are expected, the Board may grant approval for other formats.

Do not use checklists for areas that are inapplicable to your operation. For example, if you do not offer keno, discard the keno checklists; do not mount unnecessary checklists

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in your workpapers and mark them “not applicable”. If you are not a 6A licensee as defined in Regulation 6A.010(9), discard the Regulation 6A - Currency Transaction Reporting checklists. Similarly, if you do not qualify for the payment of entertainment tax as specified in NRS 463.401(2), discard the Entertainment Department checklists.

Planning and Completion

1. All questions on each applicable checklist must be completed. Workpaper references should be provided for all exceptions and for the results obtained during document testing (unless the question can be answered by a note in the “W/P Reference/Comments” column).
2. Observations must be performed on an unannounced basis and, whenever possible, are to be performed without the employees being aware that their activities are being observed. Such observations may be performed from the surveillance room when applicable. The internal auditor or the independent accountant engaged to perform internal audit work should not provide, in any manner, advance information (including days, weeks, months or quarters) of upcoming observations to officers, directors or any other licensee employees. Advance arrangements should be made to allow for prompt access to the count room by internal auditors or independent accountants (e.g., names of personnel who will be given access, identification rules, introduction letter requirements, or other such procedural details). Such arrangements, if necessary, should be made no later than 60 days into the licensee’s business year so as not to limit the time period in which unannounced observations may be performed. Any subsequent updates to these arrangements (e.g., personnel updates) should be made on a regular basis (e.g., quarterly) to avoid alerting the gaming operation of an upcoming observation.

If the drop teams are unaware of the drop observations and the count observations would be unexpected, the hard count and soft count rooms may be entered simultaneously. Additionally, if the slot currency acceptor count begins immediately after the table games count in the same location, by the same count team, and using the same equipment, the currency acceptor count observation may be conducted on the same day as the table games count observation. Observations may be performed live using surveillance equipment. However, because the auditor must observe the count until the monies are transferred to the vault/cashier, any change in location (i.e., from the count room to the surveillance room) will necessitate viewing the surveillance tapes for the time period during which the auditor was in transit.

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3. The results of internal audit work should be reported directly to management or ownership personnel who are independent of the departments being audited, or to the board of directors or its audit committee, whichever is applicable.
4. All material exceptions resulting from internal audit work are investigated and resolved with the results of such being documented.
5. Follow-up observations and examinations are performed to verify that corrective action has been taken regarding all instances of noncompliance cited by internal audit, the Gaming Control Board and/or the independent accountant. The verification is performed within six months following the date of notification.
6. Two copies of the internal auditor's report summarizing all instances of noncompliance and management responses must be submitted to the Board within 120 days after the end of the first 6 months of the business year and must include all work done in the first 6 months. Noncompliance noted in the second half of the year must be submitted to the Board (also two copies) within 120 days after the end of the business year *unless* they are to be included in the CPA's compliance report, in which case separate reporting is not required. Note that the reports must denote the regulation or Minimum Internal Control Standard number for which noncompliance was noted, and must include the gaming revenue test dates.
7. All completed checklists and supplemental workpapers must be retained for five years.

Upon written request by a licensee, the Chairman or his designee may provide written approval to waive the performance of one or more areas of review for a specific year due to the occurrence of unusual circumstances or to extend report submission deadlines. Such approval is at the sole discretion of the Board. For new licensees that have been in operation for three months or less by the end of their business year, performance of these internal audit procedures is not required for the partial period. The Board classifies new licensees as Group I or Group II based on their first-year gross gaming revenue projections. Such initial classification should be used when determining whether recently licensed entities are required to maintain a separate internal audit department and/or comply with the Internal Audit MICS.

Please contact the Board's Audit Division in Reno or Las Vegas if you require clarification of the preceding guidelines.

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GENERAL WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary. **Note W/P Ref.:** _____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up. **Note W/P Ref.:** _____

The bolded number following each question refers to the applicable regulation/statute.

Scope

This checklist must be completed once in each fiscal six-month period.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in the slot department. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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GENERAL WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Slots - General Walk-through in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
2. Review all theoretical holds in the most recent slot analysis report with a minimum of six months data. Do no hold percentages exceed 25%? Regulation 14.040					
In-house Progressive Payoff Schedules 3. Scan progressive meter readings for the most recent two weeks and determine that: a. The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110 b. The payoff amount has not been decreased except as allowed by Regulation 5.110 . (Any reduction should be supported by appropriate documentation.)					

E = Confirmed via examination/review
I = Confirmed via inquiry
O = Confirmed via observation

	Initials	Date
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GENERAL WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
4. Is a record of the base amount for each progressive payoff schedule maintained? Regulation 5.110					
Surveillance					
5. Is adequate video surveillance provided over the slot area? Regulation 5.160(9) and Surveillance Standard #1					
6. Free Play and Promotional Items If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110					
<u>Procedures Modified or Added</u>					

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DROP AND COUNT WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary. **Note W/P Ref.:**_____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up. **Note W/P Ref.:**_____

The bolded number following each question refers to the Minimum Internal Control Standards for Internal Audit, Version 4, or the applicable regulation/statute.

Scope

This checklist must be completed once in each fiscal six-month period for both hard and currency acceptor drop/count observations.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in the slot department. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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DROP AND COUNT WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Slots - Hard Drop and Count Observation or the CPA MICS Compliance Checklist for Slots - Currency Acceptor Drop and Count Observation, as appropriate, in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
Time Drop Commenced: Coin: _____ Currency: _____ 2. Was the removal of the drop buckets/currency acceptors from the slot machines performed at the time previously submitted by the licensee to the Board per Regulation 6.130?					
Time Count Commenced: Coin: _____ Currency: _____ 3. Was the count of the drop buckets/currency acceptors from the slot machines performed at the time previously submitted by the licensee to the Board per Regulation 6.130?					

E = Confirmed via examination/review
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DROP AND COUNT WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
4. During the unannounced count observation, perform a test of the weigh scale and weigh scale interface and/or the count room currency counter and currency counter interface, as applicable. Were the test results accurate? MICS #6b					
5. Did all count team members have valid work cards available for inspection? Regulation 5.100(3)					
Surveillance 6. Is adequate video surveillance provided over the hard/soft count area? Regulation 5.160(9) and Surveillance Standard #7					
<u>Procedures Modified or Added</u>					

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TESTING PROCEDURES

OBJECTIVES: To determine if controls for the slot department are adequate to ensure slot revenues are accurately stated in financial records and comply with the MICS.

PREPARATION: Review the MICS variations and regulation waivers scheduled during the slot department general walk-through procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedure modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walk-through Procedures Checklist".

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

SCOPE: Unless otherwise indicated, select 1 day during the fiscal six-month period. Select an additional day, if necessary, to include both hard count and currency acceptor count documentation. **Note Test Date:** _____

COMPLETION: Using your own work papers, document the completion of the procedures listed below. All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up. **Note W/P Ref:** _____

	W/P Reference/Comments	Auditor's Initials/Date
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow-up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.		

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2. Foot weighed/metered count sheets or tapes for one denomination. Trace totals for each denomination to the slot analysis report. If the count sheet is manually prepared, all denominations must be footed.		
3. Trace the total per the currency acceptor count sheet to the total in the slot analysis report. If the count sheet is manually prepared, all denominations must be footed, cross-footed and traced.		
4. Trace wrapped count and currency acceptor final count to the cage accountability or cash summary sheets.		
5. Trace all of the employees' names whose signatures appear on the count documentation to the quarterly count personnel list required by Regulation 6.130 . Note: If the test date falls in the current quarter and an employee was hired during the current quarter, indicate the date the employee started in the count and complete the step for this employee during the next slot department contact.		
6. For any leased machines, verify that 100% of win is included in reported revenue.		
7. Total the jackpot tickets (including promotional payout slips, if appropriate) and slot fill slips and trace the total to the slot analysis report.		
8. Examine jackpot payout tickets for progressive payouts. Obtain progressive meter readings sheets or payoff schedules and determine whether the payout was valid.		
9. If multi-part forms are used, look for evidence that all copies of manually-prepared jackpot payout tickets, short pay tickets and fill slips match.		

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10. Foot one denomination and cross-foot the totals for all denominations on the slot analysis report and ensure that the win/loss is properly computed. Note: This procedure need only be done for one of the two test dates selected for the fiscal year.		
11. Trace the win/loss, including the currency acceptor results, (or drop and fill/jackpot amounts) on the slot analysis report to the monthly revenue journal.		
12. If any free play or promotional items were in effect on the test date, determine that the accounting treatment was proper and that win/loss was properly computed.		
13. For the month in which the test day was selected, foot the win/loss amount(s) (or drop and fill/jackpot amounts) in the monthly revenue journal. Trace the win/loss (or drop and fill/jackpot amounts) from the monthly revenue journal to the NGC tax reports. Examine general ledger accounts for the propriety of any activity that affects reported revenue. Note: If the monthly revenue journal is a computerized document, footing need only be done for one of the two test dates selected for the fiscal year.		
14. If Board approval has been granted to report revenue on any type of accrual basis (e.g., allocation of a single cash drop to days in more than one month, use of meters to estimate currency acceptor drop, etc.) test the accuracy of the accruals and ensure that the subsequent month's revenue is properly affected. Include an examination of records used to support the accrual. Test for compliance with any conditions included in the approval letter.		

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15. Perform an inventory of all slot machine coin drop and reserve base cabinet keys; currency acceptor drop box release, storage rack and contents keys; and currency acceptor count room keys. Compare to records of keys made, issued and destroyed. Make sure all keys are accounted for and there are no extra keys.		
16. For computerized systems, obtain the personnel access listing: a. For computerized systems that have group profiles (job specific profiles), select five group profiles and determine whether the job functions (rights) assigned to the group profile are appropriate for the group. In addition, select one employee from each of the groups and determine whether the group profile is appropriate for the employee. b. For computerized systems that have individual profiles (profiles are customized for each employee), select ten employees, encompassing as many positions as possible, and determine whether the job functions (rights) assigned to each employee are appropriate for the employee. c. Verify that inactive employees have been deleted.		

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	W/P Reference/Comments	Auditor's Initials/Date
<p>17. Using a listing of slot machines by type, select 15 machines. The sample selected should represent 15 of the most common types currently on the floor.</p> <p>For each machine selected:</p> <p>a. Obtain the theoretical hold work sheet (par sheet), test the actual reel strip settings and trace the payout schedule from the machine to the work sheet. Review the work sheets for propriety of theoretical hold.</p> <p>b. Trace theoretical hold percentages from the worksheets to the slot analysis reports.</p> <p>c. Verify that the theoretical hold percentages recorded in the slot analysis report are the same within each type.</p> <p>d. Examine the chip and determine if labeled with the GCB lab approval number.</p>		
<p>18. For five of the machines selected above read and test the proper progression of coin-in meters and bill-in meters.</p> <p>If an on-line slot monitoring system is used, ensure that the proper meters are read and verify that the on-line meters are progressing at the same rate as the appropriate hard or soft meters on the machines.</p>		

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TESTING PROCEDURES

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<p>19. For manually-read coin-in meters, select a sample of 15 machines from the meter reading sheets, calculate the coin-in and trace to the slot analysis reports.</p> <p>a. Where meter readings are taken daily and the slot analysis reports reflect week-to-date coin-in, foot in-meter readings for seven days and compare totals to week-to-date information for two nonconsecutive weeks.</p> <p>b. Where meter readings are taken weekly and the slot analysis reports reflect month-to-date coin-in, foot the weekly sheets and compare totals to month-to-date information for one month.</p>		
<p>20. For computerized slot analysis systems with automated (on-line) slot meter readings, foot the reports and roll forward the weekly or monthly coin-in totals in the reports for one machine and trace to month-to-date, quarter-to-date, year-to-date and (if applicable) inception-to-date totals to verify the computer's accuracy.</p>		
<p>21. For one denomination, determine that the floor par is the sum of the theoretical hold percentages of all machines weighted by coin-in contribution.</p> <p>Note: This procedure need only be done for one of the two test dates selected for the fiscal year.</p>		
<p><u>Procedures Modified or Added</u></p>		

TABLE GAMES DEPARTMENT

STATE OF NEVADA
GAMING CONTROL BOARD
INTERNAL AUDIT COMPLIANCE CHECKLIST

TABLE GAMES DEPARTMENT

GENERAL WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary. **Note W/P Ref.:** _____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up. **Note W/P Ref.:** _____

The bolded number following each question refers to the applicable regulation/statute.

Scope

This checklist must be completed once in each fiscal six-month period.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in the table games department. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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TABLE GAMES DEPARTMENT

GENERAL WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Table Games - General Walk-through in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
Waiver of Baccarat Commissions 2. If the payment of baccarat commissions is waived: <ul style="list-style-type: none"> a. Are forms preprinted and prenumbered? Regulation 6.115(2) 					
<ul style="list-style-type: none"> b. Does each transaction recorded include the date, shift, and time; baccarat table number; patron's name if known; dollar amount of the commission(s) not collected; and signatures of the baccarat dealer and supervisor attesting to each transaction? Regulation 6.115(2) 					
<ul style="list-style-type: none"> c. Are such forms submitted to the accounting department at least every 24 hours, numerically reconciled and accounted for? Regulation 6.115(3) 					

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TABLE GAMES DEPARTMENT

GENERAL WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
3. Are all gaming tables and corresponding drop boxes permanently numbered and visible at a distance of 20 feet? Regulation 1.100(1)					
4. Examine individual and statistical game documentation to determine if the records are maintained pursuant to Regulation 6.040(2)(c) .					
Surveillance 5. Is adequate video surveillance provided over the table games area? Regulation 5.160(9) and Surveillance Standard #2					
6. Free Play and Promotional Items If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110					

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GENERAL WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
In-house Progressive Payoff Schedules 7. Scan progressive meter readings for the most recent two weeks and determine that: <ul style="list-style-type: none"> a. The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110 b. The payoff amount has not been decreased except as allowed by Regulation 5.110. (Any reduction should be supported by appropriate documentation.) 					
8. Is a record of the base amount for each progressive payoff schedule maintained? Regulation 5.110					
<u>Procedures Modified or Added</u>					

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TABLE GAMES DEPARTMENT

GENERAL WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE

E = Confirmed via examination/review
I = Confirmed via inquiry
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	Initials	Date
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STATE OF NEVADA
GAMING CONTROL BOARD
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TABLE GAMES DEPARTMENT

SOFT DROP AND COUNT WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.
Note W/P Ref.:_____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up.
Note W/P Ref.:_____

The bolded number following each question refers to the Minimum Internal Control Standards for Internal Audit, Version 4, or the applicable regulation.

Scope

This checklist must be completed once in each fiscal six-month period.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in the table games soft count. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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TABLE GAMES DEPARTMENT

SOFT DROP AND COUNT WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Table Games - Soft Drop and Count Walk-through in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
Time Drop Commenced: _____ 2. Was the removal of the drop boxes from the tables performed at the time previously submitted by the licensee to the Board per Regulation 6.130?					
Time Count Commenced: _____ 3. Was the count of the drop boxes from the tables performed at the time previously submitted by the licensee to the Board per Regulation 6.130?					
4. During the unannounced count observation, perform a test of the count room currency counter and currency counter interface, as applicable. Were the test results accurate? MICS #6a					

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TABLE GAMES DEPARTMENT

SOFT DROP AND COUNT WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
5. Did all count team members have valid work cards available for inspection? Regulation 5.100(3)					
6. Free Play and Promotional Items If free play or promotional items were noted in the soft count, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110					
Surveillance 7. Is adequate video surveillance provided over the soft count area? Regulation 5.160(9) and Surveillance Standard #7					
<u>Procedures Modified or Added</u>					

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I = Confirmed via inquiry
O = Confirmed via observation

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STATE OF NEVADA
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TABLE GAMES DEPARTMENT

TESTING PROCEDURES

OBJECTIVES: To determine if controls for the table games department are adequate to ensure table games revenues are accurately stated in financial records and comply with the MICS.

PREPARATION: Review the MICS variations and regulation waivers scheduled during the table games department general walk-through procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedure modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walk-through Procedures Checklist".

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

SCOPE: Unless otherwise indicated, select 1 day during the fiscal six-month period.

Note Test Date: _____

COMPLETION: Using your own work papers, document the completion of the procedures listed below. All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up.

Note W/P Ref.: _____

	W/P Reference/Comments	Auditor's Initials/Date
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow-up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.		

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TABLE GAMES DEPARTMENT

TESTING PROCEDURES

	W/P Reference/Comments	Auditor's Initials/Date
<p>Testing of Openers/Closers</p> <p>2. For one shift, trace the opening table inventories to the prior shift's closing table inventories in total. Then trace closing table inventories to the opening table inventories on the next shift in total.</p>		
<p>Testing of Fill/Credit Slips</p> <p>3. Foot the restricted copies of the fill and credit slips for one shift and trace the net figure to the net fill/credit on the games summary. Note: For computerized systems, this procedure need only be done for one of the two test dates selected for the fiscal year.</p>		
<p>4. For one shift, foot one game type total and then cross-foot game type totals on the games summary. Note: For computerized systems, this procedure need only be done for one of the two test dates selected for the fiscal year. For manually-prepared games summaries, <u>all</u> game types must be footed and cross-footed for both test dates.</p>		
<p>5. Ensure that the win/loss per game type on the games summary is properly computed and trace to the monthly revenue journal.</p>		
<p>6. Trace cash drop per games summary for each shift to casino cage accountability or cash summary sheets.</p>		
<p>7. If any free play or promotional items were in effect on the test date, determine that the accounting treatment was proper and that win/loss was properly computed.</p>		

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TESTING PROCEDURES

	W/P Reference/Comments	Auditor's Initials/Date
<p>8. For each month in which a test day was selected, foot the win/loss amounts in the monthly revenue journal. Trace the win/loss from the monthly revenue journal to the NGC tax reports. Examine general ledger accounts for the propriety of any activity that affects reported revenue.</p> <p>Note: If the monthly revenue journal is a computerized document, footing need only be done for one of the two test dates selected for the fiscal year.</p>		
<p>9. Examine void fill and credit slips (with special attention to credit slips) for either a void machine copy or proper signatures on original and first copies of issued slips.</p>		
<p>10. Trace the marker credit column total of games summary to the cage/vault accountability and to the marker transfer documentation.</p>		
<p>11. For all player (rim) cards:</p> <p>a. Foot extension/repayments of credit to ensure clerical accuracy of forms.</p>		
<p>b. Verify that the rim credit was settled within a reasonable time period by examining the date and time on the physical credit instrument.</p>		
<p>c. Determine if any of the markers used to settle the rim credit were subsequently voided and improperly re-opened as rim credit.</p>		

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TABLE GAMES DEPARTMENT

TESTING PROCEDURES

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<p>12. Trace all of the employees' names whose signatures appear on the count documentation to the quarterly count personnel list required by Regulation 6.130.</p> <p>Note: If the test date falls in the current quarter and an employee was hired during the current quarter, indicate the date the employee started in the count and complete the step for this employee during the next table games department contact.</p>		
<p>13. Perform an inventory of all count room keys and drop box release, storage rack and contents keys. Compare to records of keys made, issued and destroyed. Make sure all keys are accounted for and there are no extra keys.</p>		
<p>14. For computerized systems, obtain the personnel access listing:</p> <p>a. For computerized systems that have group profiles (job specific profiles), select five group profiles and determine whether the job functions (rights) assigned to the group profile are appropriate for the group. In addition, select one employee from each of the groups and determine whether the group profile is appropriate for the employee.</p> <p>b. For computerized systems that have individual profiles (profiles are customized for each employee), select ten employees, encompassing as many positions as possible, and determine whether the job functions (rights) assigned to each employee are appropriate for the employee.</p> <p>c. Verify that inactive employees have been deleted.</p>		
<p><u>Procedures Modified or Added</u></p>		

STATE OF NEVADA
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TABLE GAMES DEPARTMENT

TESTING PROCEDURES

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CARD GAMES DEPARTMENT

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CARD GAMES DEPARTMENT

WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary. **Note W/P Ref.:**_____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up. **Note W/P Ref.:**_____

The bolded number following each question refers to the applicable regulation/statute.

Scope

This checklist must be completed once in each fiscal year.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in the card games department. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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CARD GAMES DEPARTMENT

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Card Games in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
Card Games Gross Revenue					
2. Is all compensation received from conducting card games included in gross revenue? Regulation 6.110					
3. Are card room bank and card table bank overages/shortages excluded from the computation of gross revenue? Regulation 6.110					
4. Are shill wins and losses excluded from the computation of gross revenue? Regulation 6.110					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
Card Games Rake-Off/Time Buy Ins 5. Does each card table have one card game drop box with a drop slot located at least four inches in front of the table tray, and to the right thereof, or drop slot located at least two inches to the right of and even with the top right-hand corner of the table tray with a cover over the drop slot, which when activated will cause the rake to drop directly into the drop box? Regulation 23.025					
6. Is cash or chips received for the sale of stakes not commingled with any rake-offs or other compensation received by the licensee from the players for the right to play? Regulation 23.030					
7. Are rake-offs limited to 10% of all sums wagered in the hand? Regulation 23.050					
8. Are rake-offs only pulled from the pot by the dealer in an obvious manner after each wager and call or at the completion of the hand? Regulation 23.050					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
9. Is the rake-off placed in a designated rake circle? Regulation 23.050					
10. Does the rake then remain in the designated rake circle until a winner is declared and paid, and then dropped into the card game drop box? Regulation 23.050					
11. Is the rake circle clearly visible to all players and located as required in Regulation 23.025 ?					
12. Are all time buy-ins or other fees charged, immediately placed into the card game drop box? Regulation 23.050					
Walk-Through of Drop and Count Procedures					
13. Per discussions and/or examination of the drop box release key control log (if applicable), is the drop performed only at the submitted times, even when game activity concludes prior to that time? Regulation 6.130					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
14. Are all card game tables and corresponding drop boxes permanently numbered and visible at a distance of twenty feet? Regulation 23.025					
15. Are the marker buttons removed only by the dealer after the transaction has been completed? Regulation 23.040					
16. If there is no card room bank, has written approval been obtained from the Board to use a cashier's cage in lieu of a card room bank? Regulation 23.045					
17. Are card room banks used exclusively for the purpose of the issuance and receipt of shill funds, the maintenance of card table banks used in card games, and the purchase and redemption of chips by players? Regulation 23.045					
18. Are all card table banks used only for the purpose of making change or handling player buy-ins? Regulation 23.045					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
Shills/Proposition Players					
19. Are shills restricted from checking and raising or playing in any manner between themselves or in collusion with others to the disadvantage of other players within the game? Regulation 23.065					
20. Is a sign displayed that is legible from each table which states: "Nevada Gaming Regulations allow the use of shills and proposition players. Shills and proposition players shall be identified by management upon request"? Regulation 23.065					
21. Are employment records maintained on each individual engaged as a shill or proposition player? Regulation 23.065					
22. Is a list of all shills and proposition players maintained at the card room bank and readily available for inspection? Regulation 23.065					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
23. Are procedures maintained which ensure that all advances to a shill and winnings of a shill shall be utilized only for wagering in card games and are turned into the card room bank at the conclusion of play? Regulation 23.065					
24. Are persons who participate in the management or supervision of games subject to Regulation 23 permitted to act as a shill or proposition player in the establishment where employed only when supervision is otherwise provided? Regulation 23.065					
25. Does the licensee provide that:					
a. No more than two proposition players may play in a card game and no more than a combination of four shills and proposition players may play in a card game? Regulation 23.065					
b. Shills may only wager chips or coins? Regulation 23.065					
c. No dealer may wager in any game in which he is dealing? Regulation 23.070					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
d. No stakes players are utilized? Regulation 23.070					
Card Games Rules					
26. Are the rules of each game posted and clearly legible from each table? Regulation 23.080					
27. Do the posted rules designate the following: The maximum rake-off percentage, time buy-in, or other fees charged, the number of raises allowed, the monetary limit of each raise, the amount of ante, and other rules as may be necessary? Regulation 23.080					
28. If credit is issued to card game players, is credit play not deducted from gross revenue? Regulation 6.120(1)					
Surveillance					
29. Is adequate video surveillance provided over the card games area? Regulation 5.160(9)					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
Free Play and Promotional Items 30. If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110					
In-house Progressive Payoff Schedules 31. Scan progressive meter readings for the most recent two weeks and determine that: a. The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110 b. The payoff amount has not been decreased except as allowed by Regulation 5.110 . (Any reduction should be supported by appropriate documentation.)					
32. Is a record of the base amount for each progressive payoff schedule maintained? Regulation 5.110					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
<u>Procedures Modified or Added</u>					

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CARD GAMES DEPARTMENT

TESTING PROCEDURES

OBJECTIVES: To determine if controls for card games are adequate to ensure card games revenues are accurately stated in financial records and comply with the MICS.

PREPARATION: Review the MICS variations and regulation waivers scheduled during the card games walk-through procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedure modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walk-through Procedures Checklist".

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

SCOPE: Unless otherwise indicated, select 1 day per year.

Indicate Test Date: _____

COMPLETION: Using your own work papers, document the completion of the procedures listed below. All exceptions noted should be carried to the Audit Report/Summary of Findings for timely follow-up.

Note W/P Ref.: _____

	W/P Reference/Comments	Auditor's Initials/Date
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow-up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.		
2. Foot the initial recordings of the individual card tables cash drop and compare to the recorded total.		

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CARD GAMES DEPARTMENT

TESTING PROCEDURES

	W/P Reference/Comments	Auditor's Initials/Date
<p>3. Trace all of the employees' names whose signatures appear on the count documentation to the quarterly count personnel list required by Regulation 6.130.</p> <p>Note: If the test date falls in the current quarter and an employee was hired during the current quarter, indicate the date the employee started in the count and complete the step for this employee during the next card games department contact.</p>		
<p>4. Trace the total cash drop to the casino cage accountability or cash summary sheets, as applicable.</p>		
<p>5. Trace the card games win/loss on the card room summary to the monthly revenue journal.</p>		
<p>6. For the month in which the test day was selected, foot the win/loss amounts in the monthly revenue journal. Trace the win/loss from the monthly revenue journal to the NGC tax reports. Examine general ledger accounts for the propriety of any activity that affects reported revenue.</p>		
<p>7. Determine that shill play, free play and promotional items are not components in the calculation of reported card games revenue.</p>		
<p>8. If promotional pots and pools have been offered, for one test day, review a cash reconciliation form to determine that at least once a day, increases/decreases to the progressive sign/meter were reconciled to the cash previously counted or received by the cage.</p> <p>Note: Indicate test day if different from above.</p>		
<p><u>Procedures Modified or Added</u></p>		

KENO DEPARTMENT

STATE OF NEVADA
GAMING CONTROL BOARD
INTERNAL AUDIT COMPLIANCE CHECKLIST

KENO DEPARTMENT

WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary. **Note W/P Ref.:** _____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up. **Note W/P Ref.:** _____

The bolded number following each question refers to the applicable regulation/statute.

Scope

This checklist must be completed once in each fiscal year.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in the keno games department. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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INTERNAL AUDIT COMPLIANCE CHECKLIST

KENO DEPARTMENT

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Computerized Keno in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
2. If there is a keno game or a progressive keno game with limits on winning tickets or the value of the keno game exceeding the total maximum sum of \$250,000 on any one game, has prior written approval been received from the Chairman? Regulation 5.025(3)					
3. If the Chairman has imposed limits on the progressive keno game or required the maintenance of a reserve in the form of cash, cash equivalent, a bond, or a combination thereof, are the limits or reserve in accordance with the Chairman's approval? Regulation 5.025(4)					
In-house Progressive Payoff Schedules					
4. Scan progressive meter readings for the most recent two weeks and determine that:					

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I = Confirmed via inquiry
O = Confirmed via observation

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KENO DEPARTMENT

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
<p>a. The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110</p> <p>b. The payoff amount has not been decreased except as allowed by Regulation 5.110. (Any reduction should be supported by appropriate documentation.)</p>					
<p>5. Is a record of the base amount for each progressive payoff schedule maintained? Regulation 5.110</p>					
<p>Surveillance</p> <p>6. Is adequate video surveillance provided over the keno games area? Regulation 5.160(9) and Surveillance Standard #4</p>					
<p>Free Play and Promotional Items</p> <p>7. If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110</p>					
<p><u>Procedures Modified or Added</u></p>					

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KENO DEPARTMENT

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE

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STATE OF NEVADA
GAMING CONTROL BOARD
INTERNAL AUDIT COMPLIANCE CHECKLIST

KENO DEPARTMENT

TESTING PROCEDURES

OBJECTIVES: To determine if controls for keno are adequate to ensure keno revenues are accurately stated in financial records and comply with the MICS.

PREPARATION: Review the MICS variations and regulation waivers scheduled during the keno walk-through procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedure modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walk-through Procedures Checklist".

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

SCOPE: Unless otherwise indicated, select one day within the last seven. Select a shift from that day. If a shift is designated as other than an eight-hour time period, select one writer for that day.

Date: _____ **Shift/Writer:** _____

COMPLETION: Using your own work papers, document the completion of the procedures listed below. All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up.

Note W/P Ref.: _____

	W/P Reference/Comments	Auditor's Initials/Date
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow-up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.		

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KENO DEPARTMENT

TESTING PROCEDURES

	W/P Reference/Comments	Auditor's Initials/Date
2. Foot the cash turn-in on the count sheets. Foot and cross-foot the keno shift summary and trace the cash turn-in from the count sheet to the cash column of the keno shift summary.		
3. Foot the write on the restricted copy of the transaction log for one writer station. Trace the write to the write on the keno shift summary.		
4. Foot payouts as recorded on each outside ticket. Trace the payouts noted above to the payouts on the keno shift summary.		
5. If any free play or promotional items were in effect on the test date, determine that the accounting treatment was proper and that win/loss was properly computed.		
6. Determine that audited keno win/loss is computed as write minus payouts (and must not include writers' overs/shorts). Trace audited keno win/loss from keno shift summaries to the monthly revenue journal.		
7. For the month in which the test day was selected foot the win/loss amounts in the monthly revenue journal. Trace the win/loss to the monthly revenue journal to the NGC tax reports. Examine general ledger accounts for the propriety of any activity that affects reported revenue.		
8. Examine system exception reports and determine propriety of changes to system parameters (e.g., changes in paytables, ball draws, payouts over a predetermined amount, etc.).		
9. Examine the personnel access listing and determine that each user has a unique password and that passwords are changed at least quarterly with changes documented.		

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KENO DEPARTMENT

TESTING PROCEDURES

	W/P Reference/Comments	Auditor's Initials/Date
10. For computerized systems, obtain the personnel access listing: a. For computerized systems that have group profiles (job specific profiles), select five group profiles and determine whether the job functions (rights) assigned to the group profile are appropriate for the group. In addition, select one employee from each of the groups and determine whether the group profile is appropriate for the employee. b. For computerized systems that have individual profiles (profiles are customized for each employee), select ten employees, encompassing as many positions as possible, and determine whether the job functions (rights) assigned to each employee are appropriate for the employee. c. Verify that inactive employees have been deleted.		
<u>Procedures Modified or Added</u>		

BINGO DEPARTMENT

STATE OF NEVADA
GAMING CONTROL BOARD
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BINGO DEPARTMENT

WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.

Note W/P Ref.: _____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up.

Note W/P Ref.: _____

The bolded number following each question refers to the applicable regulation/statute.

Scope

This checklist must be completed once in each fiscal year.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in bingo. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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INTERNAL AUDIT COMPLIANCE CHECKLIST

BINGO DEPARTMENT

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Bingo in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
Surveillance 2. Is adequate video surveillance provided over the bingo area? Regulation 5.160(9) and Surveillance Standard #4					
Free Play and Promotional Items 3. If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110					
In-house Progressive Payoff Schedules 4. Scan progressive meter readings for the most recent two weeks and determine that: a. The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110					

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GAMING CONTROL BOARD
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BINGO DEPARTMENT

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
b. The payoff amount has not been decreased except as allowed by Regulation 5.110 . (Any reduction should be supported by appropriate documentation.)					
5. Is a record of the base amount for each progressive payoff schedule maintained? Regulation 5.110					
<u>Procedures Modified or Added</u>					

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STATE OF NEVADA
GAMING CONTROL BOARD
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BINGO DEPARTMENT

TESTING PROCEDURES

OBJECTIVES: To determine if controls for bingo are adequate to ensure bingo revenues are accurately stated in financial records and comply with the MICS.

PREPARATION: Review the MICS variations and regulation waivers scheduled during the bingo walk-through procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedure modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walk-through Procedures Checklist".

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

SCOPE: Unless otherwise indicated, select 1 day per year.
Indicate Test Date: _____

COMPLETION: All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up.
Note W/P Ref.: _____

NOTE: A shift is any time period, designated by management, up to 24 hours.

	W/P Reference/Comments	Auditor's Initials/Date
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow-up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.		
2. For one session, foot sales and payouts and trace totals to session summaries.		

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BINGO DEPARTMENT

TESTING PROCEDURES

	W/P Reference/Comments	Auditor's Initials/Date
3. Foot sales and payouts on the session summaries and trace totals to the bingo daily report.		
4. Foot the cash turn-in envelopes and trace totals to cash turn-in on the bingo daily report.		
5. If any free play or promotional items were in effect on the test date, determine that the accounting treatment was proper and that win/loss on the bingo daily report was properly computed.		
6. Trace win/loss or cash turn-in (if applicable) on the bingo daily report to cage accountability or cash summary sheets.		
7. Trace the win/loss on the bingo daily report to the monthly revenue journal. Note: Win/loss must not include overs/shorts.		
8. For the month in which the test day was selected, foot the win/loss amounts in the monthly revenue journal. Trace the win/loss from the monthly revenue journal to the NGC tax reports. Examine general ledger accounts for the propriety of any activity that affects reported revenue.		
<u>Procedures Modified or Added</u>		

RACE & SPORTS DEPARTMENT

STATE OF NEVADA
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RACE & SPORTS DEPARTMENT

WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary. **Note W/P Ref.:**_____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up. **Note W/P Ref.:**_____

The bolded number following each question refers to the applicable regulation/statute.

Scope

This checklist must be completed once in each fiscal year.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in the race and sports book. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently under going field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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RACE & SPORTS DEPARTMENT

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Race and Sports Books in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
2. Have all applicable employees registered with the Board as required pursuant to Regulation 22.035 ?					
3. Do all betting tickets bear the name and address of the book? Regulation 22.050					
4. Does the licensee prohibit the acceptance of wagers from a person who the book, agent or employee knows, or reasonably should know, is a messenger bettor or is placing the wager in violation of state or federal law? Regulation 22.060(5)					
5. Are all wagering propositions on races or sporting events posted in compliance with Regulation 22.060(7) ?					

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RACE & SPORTS DEPARTMENT

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
Noncash, Nonpari-mutuel Wagers 6. Has the licensee notified the Board in writing as to whether the book will accept noncash wagers? Regulation 22.060(8)					
Note 1: Regarding the following questions, it is acceptable for the licensee to choose not to distinguish between pari-mutuel and nonpari-mutuel wagers for compliance purposes. Note 2: Refer to Regulation 22 Newsletter #1, questions 22-24 for additional guidance on identification procedures. Be aware of differences in the requirements of Regulations 22 and 6A. 7. Prior to accepting a noncash, nonpari-mutuel wager in excess of \$10,000 from other than a "known patron" [Note: The definition of a "known patron" is found in Regulation 22.061(4)], does the book:					
a) Obtain the patron's name? Regulation 22.061(1)(a)					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
b) Obtain or reasonably attempt to obtain the patron's permanent address and social security number? Regulation 22.061(1)(b)					
c) Obtain one of the following identification credentials from the patron: 1) Driver's license; 2) Passport; 3) Non-resident alien identification card; 4) Other reliable government issue identification card; or 5) Other picture identification credential normally acceptable as a means of identification when cashing checks? Regulation 22.061(1)(c)					
d) Examine the identification credential obtained to verify the patron's name, and to the extent possible, to verify the accuracy of the address and social security number? Regulation 22.061(1)(d)					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
<p>8. If a book employee knows a patron, does he verify that the licensee has previously obtained the patron's name and identification credential and that the information is on file and has been updated within the last three years? Regulation 22.061(4)</p> <p>Note: Applies only if the book employee relies on this method of identification. If the employee performs the identification procedures of Regulation 22.061(1), this is a moot point.</p>					
<p>9. Prior to accepting a noncash, nonpari-mutuel wager in excess of \$10,000, if the book knows a person is placing a wager on behalf of another person, does the licensee:</p> <p>a) Obtain and record the information in question 7 with respect to the person placing the wager? Regulation 22.061(2)</p>					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
b) Attempt to obtain the information in question 7 with respect to the person for whom the wager was placed and record such information to the extent it was obtained? Regulation 22.061(2)					
10. Subsequent to accepting a noncash, nonpari-mutuel wager in excess of \$10,000, including those from listed patrons, does the book record or maintain records that include:					
a) The patron's name and, if applicable, the agent's name? Regulation 22.061(3)(a)					
b) The patron's address and, if applicable, the agent's address? Regulation 22.061(3)(b)					
c) The patron's social security number and, if applicable, the agent's social security number? Regulation 22.061(3)(c)					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
d) A description including any document number of the identification credential examined (or credential information on file for known patrons) and, if applicable, for the agent? Regulation 22.061(3)(d)					
e) The amount of the wager? Regulation 22.061(3)(e)					
f) Window number or other identification of the location where the wager occurred? Regulation 22.061(3)(f)					
g) The time and date of the wager? Regulation 22.061(3)(g)					
h) The name and signature of the book employee accepting or approving the wager? Regulation 22.061(3)(h)					
i) Method of identification verification? Regulation 22.061(3)(i) – per industry letter dated 1/29/99					
j) Date of birth? Regulation 22.061(3)(i) – per industry letter dated 1/29/99					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
k) Any other information as required by the chairman? Regulation 22.061(3)(i)					
11. Does the book report the wagers required by Regulation 22.061(3) to be recorded, excluding wagers accepted from “listed patrons,” on a “Book Wagering Report”? Regulation 22.061(6) NOTE: The exclusion of wagering activity by listed patrons applies only to the Book Wagering Report, not to the recording of information pursuant to Regulation 22.061(3).					
12. Per examination of the most recent report, does the report include all of the information required by Regulation 22.061(6) , including information required by the Chairman?					
13. Are such reports submitted to the Gaming Control Board no later than fifteen days after the end of the month in which the transaction(s) occurred? Regulation 22.060(6)					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
14. Does the licensee file an amended Book Wagering Report if it obtains information to correct or complete a previously submitted report, referencing to the previously submitted report? Regulation 22.061(6)					
<p>Multiple Noncash, Nonpari-Mutuel Wagers</p> <p>Note: One “MTL” may be used for Regulation 22 and Regulation 6A purposes as long as cash and noncash transactions are distinguished on the log.</p> <p>15. Is each noncash, nonpari-mutuel wager made between the book and a patron (or an agent or confederate of the patron) within a monitoring area, in an amount exceeding \$3,000, recorded on a noncash wager multiple transaction log? Regulation 22.062(2)</p>					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
16. Does a book employee monitor and record on a noncash wager multiple transaction log noncash, nonpari-mutuel wagers in amounts less than \$3,000 if he has knowledge that the \$3,000 threshold has been exceeded through a series of noncash, non-parimutuel wagers between the book and a patron (or an agent or confederate of the patron)? Regulation 22.062(2)					
17. Is each entry in the noncash wager multiple transaction log made by the employee accepting or approving the wager, immediately after accepting the wager? Regulation 22.062(3)					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
<p>Note: The requirement to record information for both the patron and agent applies when a book employee knows, or has reason to know, that the individual placing the wager is a confederate or agent of the patron.</p> <p>18. Examine recent noncash multiple transaction logs and determine if the following are included:</p> <p>a) Description of the patron (or agent), which may include such identifiers as age, sex, race, eye color, hair, weight, height and attire, if the person is present when the wager is accepted? Regulation 22.062(3)(a)</p>					
<p>b) Patron's name and agent's name, if known? Regulation 22.062(3)(b)</p>					
<p>c) Window number or other identification of the location where the wager occurred? Regulation 22.062(3)(c)</p>					
<p>d) Time and date of the wager? Regulation 22.062(3)(d)</p>					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
e) Dollar amount of the noncash wager? Regulation 22.062(3)(e)					
f) Signature of the person accepting or approving the wager? Regulation 22.062(3)					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
<p>19. Is one log maintained for each monitoring area? Regulation 22.062(3)</p> <p>Note 1: If the book is subject to Regulation 6A, the monitoring areas are those designated by the licensee for compliance with Regulation 6A. If the book is not subject to Regulation 6A the monitoring area consists of all race book and sports pool writing locations unless otherwise approved by the chairman. Regulation 22.062(7)(b)</p> <p>Note 2: If a separate telephone room exists apart from the regular write area (such as a central site book) and this room is not operated by individuals who accept other cash or noncash wagers, the room may be considered a separate monitoring area. However, see Regulation 22 Newsletter #1, question 19 for further guidance.</p>					

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WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
<p>20. Is a log completed for each designated 24-hour period regardless of whether any noncash, nonpari-mutuel wagers occurred? Regulation 22.062(3)(f)</p> <p>Note: The designated 24-hour period means the 24-hour period designated by the licensee for the book for compliance with Regulation 6A. If the book is not subject to Regulation 6A, the book's designated 24-hour period ends at midnight each day unless otherwise approved by the chairman. Regulation 22.062(7)(a)</p>					
<p>21. At the end of each designated period, is an entry made in the log to indicate that the end of the 24-hour period has occurred? Regulation 22.062(3)</p> <p>Note: This should be a comment such as "end of day." The purpose is to be able to distinguish any transactions that were added after the fact from those which were recorded immediately after the transactions occurred.</p>					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
22. To determine if the \$10,000 threshold has been exceeded, does the book aggregate all cash and noncash wagers that are nonpari-mutuel wagers between the book and the patron (or a person who book employees know is an agent or confederate of the patron) in excess of \$3,000 and those wagers in amounts of \$3,000 and less, when a book employee has knowledge of the wagers, during a designated 24-hour period within a monitoring area? Regulation 22.062(4)					
23. Prior to completing a wager that, when aggregated with other wagers pursuant to Regulation 22.062(4) , will aggregate to an amount that will exceed \$10,000, does the book complete the identification and recordkeeping requirements described in Regulation 22.061(1)? Regulation 22.062(5)					
24. When aggregated wagers exceed \$10,000 (see note following question 26), does the book complete the recording and reporting requirements of Regulation 22.061? Regulation 22.062(5)					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
<p>25. Do records and reports completed pursuant to Regulation 22.061 and Regulation 22.062(5) exclude cash wagers and portions of wagers made with cash that are required to be reported pursuant to Regulation 22.064? Regulation 22.062(5)</p> <p>Note: If cash amounts were not required to be reported pursuant to Regulation 6A or Regulation 22.064, then the cash wagers are included in the records and reports required by Regulation 22.061 and Regulation 22.062(5).</p>					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
<p>26. If a patron whose wagers were required to be recorded pursuant to Regulation 22.061 or Regulation 22.062(4) makes an additional wager during the designated 24-hour period, does the book complete the identification, recordation and reporting procedures described in Regulation 22.061 for any such additional wagers, regardless of amount? Regulation 22.062(6)</p> <p>Note: For purposes of this question, “additional wagers” do not include cash wagers (or portions of wagers made with cash) that are required to be reported pursuant to Regulation 6A or Regulation 22.064. However, if a cash wager will <i>not</i> be subject to reporting under one of these regulations, the amounts are to be recorded in accordance with Regulation 22.061 and Regulation 22.062(4).</p>					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
27. If the chairman has imposed upon this book the identification, recordkeeping and reporting requirements of Regulation 22.061 and 22.062 for pari-mutuel wagers, is the licensee complying with the requirements as described in the notification letter?					
28. If the book is not subject to the requirements of Regulation 6A , does it submit to the Board a copy of any report required to be filed pursuant to 26 U.S.C. Section 6050I, related to the acceptance of wagers within 30 days of the required federal filing deadline? Regulation 22.064					
Parlay Card Wagers					
29. Do parlay card wagering forms disclose all the information required by Regulation 22.090 ?					
Communications Technology					
30. Has the licensee received written approval from the Board for any communications technology on the premises of the book? Regulation 22.130					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
31. Does the licensee prohibit any person from using a communications device within the premises of the book? Regulation 22.135					
32. Has the licensee obtained the written approval of the chairman to accept wagering communications? Regulation 22.140(2)					
33. Does the licensee use only the communications technology approved for that purpose? Regulation 22.140(2)					
34. Annually, has the licensee obtained the chairman's approval to continue using the communications technology? Regulation 22.140(2)					
35. Are all wagering communications electronically recorded and retained for a period of 60 days? Regulation 22.140(9)					
Surveillance					
36. Is adequate video surveillance provided over the race and sports book area? Regulation 5.160(9) and Surveillance Standard #5					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
Free Play and Promotional Items 37. If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110					
Employee Segregation 38. Are race and sports book employees prohibited from wagering on race/sports events, except off-track pari-mutuel wagering, with the book at which they are employed or at a book of an affiliate or an affiliated company whether on their behalf, on behalf of the race book or sports pool, or on behalf of another person? Regulation 5.013					
Other 39. Are house rules conspicuously displayed? Regulation 22.150.					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
40. Are copies of the <u>actual NGC-32</u> reports filed with the Gaming Control Board mailed to the appropriate disseminators by the 24 th day of the month after the month covered by the report? Regulation 20.030(7)					
In-house Progressive Payoff Schedules 41. Scan progressive meter readings for the most recent two weeks and determine that: a. The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110 b. The payoff amount has not been decreased except as allowed by Regulation 5.110. (Any reduction should be supported by appropriate documentation.)					
42. Is a record of the base amount for each progressive payoff schedule maintained? Regulation 5.110					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
<u>Procedures Modified or Added</u>					

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TESTING PROCEDURES

OBJECTIVES: To determine if controls for race and sports books are adequate to ensure race and sports book revenues are accurately stated in financial records and comply with the MICS.

PREPARATION: Review the MICS variations and regulation waivers scheduled during the race and sports book walk-through procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedure modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walk-through Procedures Checklist".

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

SCOPE: Unless otherwise indicated, select 1 day per year.

Indicate Test Date: _____

COMPLETION: Using your own work papers, document the completion of the procedures listed below. All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up.

Note W/P Ref.: _____

NOTE: If the race and sports book is an outstation of a central site book, steps #9 e-g, 11, 12 and 19 do not need to be performed.

Indicate the Central Site Book: _____

	W/P Reference/Comments	Auditor's Initials/Date
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow-up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.		

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2. Foot the write transaction register for one writer station for one day. Foot subtotals of all writer stations from the write transaction register. Trace total to the daily recap.		
3. Foot payout tickets (customer copy) for one cashier station for one day. Trace total to the daily recap.		
4. If future wagers are reported on the day the wager is accepted (cash basis), review the futures report and trace the report totals to the daily recap. The "Taxable Revenue" figure on the daily recap is usually calculated on the accrual basis for write (payouts must, pursuant to Regulation 6.110, be reported on the cash basis).		
5. If future wagers are reported on the day of the event (accrual basis), select a sample of future tickets written: a. Trace these tickets to the futures report and verify that the write was not included in revenue on the day that the ticket was written. b. Obtain the futures report for the day(s) of the event(s) and verify that the write was properly included in revenue on the day of the event.		
6. If any free play or promotional items were in effect on the test date, determine that the accounting treatment was proper and that win/loss was properly computed.		
7. Foot and cross-foot the daily recap. Trace race and sports book revenue from the daily recap to the monthly revenue journal.		

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8. For the month in which the test day was selected, foot the win/loss amounts in the monthly revenue journal. Trace the win/loss from the monthly revenue journal to the NGC tax reports. Examine general ledger accounts for the propriety of any activity that affects reported revenue.		
9. For the test day, select 10 winning tickets for sports wagers and 10 winning tickets for race wagers. The tickets examined should include examples of each different type of wager accepted (i.e., quinella, exacta, round robin, two-team parlay, etc.). a. Match customer copy of payout to write transaction register. b. Recalculate and verify proper payout with respect to wager and odds. c. Trace winning ticket to the payout transaction register. d. If the payout is equal to or greater than an amount that requires listing on the exception report, trace the ticket to the exception report. e. Trace winner of event to the computerized results summary. f. Trace winner to an independent source to verify the winner and the reasonableness of odds and point spreads. g. Trace the computer-generated date and time on the ticket to an independent source to determine if past-posting has occurred.		

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<p>10. For 10 voided tickets (5 race and 5 sports), trace tickets (and the information on the tickets) to the exception reports. Trace the time that the ticket was voided (per the exception report) to the cut-off time of the event (per the results summary). For all "not in computer voids" trace the time that the ticket was voided (per the manual date/time stamp) to the cut-off time of the event (per results summary).</p> <p>Certain systems may allow past-post voids provided that all voids of this type require supervisory (password) approval and are reported on the exception report separately.</p>		
<p>11. Examine the exception report for the following:</p> <p>a. Past-post write: For tickets written more than 15 minutes after the start of a sporting event and more than 1 minute after a racing event, determine the validity and materiality of the exception.</p> <p>b. Voids: For tickets which are voided after the start of the event, determine the validity and materiality of the exception.</p> <p>c. Changes in results: Trace to an independent source to determine the validity and materiality of the exception.</p> <p>d. Changes in event times: Trace to an independent source to determine the validity and materiality of the exception.</p> <p>e. Any other unusual exception activity (i.e., changes in odds and point spreads, wagers and payouts in excess of the limits, etc.).</p> <p>f. Determine that the exceptions have been properly authorized by a supervisor.</p>		

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12. Review event results on the computer-generated results summary for unusual activity.		
<p>Wagering Accounts</p> <p>13. Examine the electronic recordation of wagering communications for at least one shift and list 5 patron transactions arising from the wagering communications. Record the date, shift(s), patron number, patron name and patron identifier.</p> <p>Trace wagers and payouts resulting from wagering communications to patron account records (see Regulation 22.140.8) and determine that:</p> <p>a. The patron had enough front money deposited to cover the wagering at the time of the wagering communication, or that they had been established as credit patrons in compliance with Regulation 22.170.</p> <p>b. The computer records the date, amount and a description of each debit and credit to the account.</p> <p>c. For each wager accepted the computer recorded the date and time the book accepted the wager, the number of the betting ticket, the amount of the wager, and the personal identification number or other security code, if any, assigned to the patron.</p>		

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<p>14. Examine 10 accounts for signed statements by the bettors in compliance with Regulation 22.140(6)(d):</p> <p>a. Attesting to the accuracy of the information.</p> <p>b. Acknowledging receipt of a copy of the book's telephone wagering rules and procedures.</p> <p>c. Acknowledging understanding that wagers may be placed from within Nevada only.</p> <p>d. Acknowledging that the bettor understands all the requirements stated above.</p> <p>e. Consenting to monitoring and recording by the Board of any calls at the licensed establishment.</p> <p>f. The book employee recording the information and the supervising employee who witnessed the signing of the documents signed statements that they have witnessed the bettor's signature and confirmed the bettor's identity and residence.</p>		
<p>15. For all accounts selected in step #15 for which the bettor is NOT a resident of Nevada:</p> <p>Examine the telephone activity to ensure that Regulation 22.140(7) has been complied with (i.e., no wagers were accepted subsequent to 96 hours following the opening of the account unless the bettor had the account renewed for an additional 96-hour period).</p>		

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<p>Book Wagering Report</p> <p>16. Review race and sports book wagers for loggable or reportable noncash, nonpari-mutuel transactions. Trace such transactions to the MTL or Book Wagering Reports. Note: If no such transactions are noted for the test date but loggable/reportable transactions are known to occur regularly, select an additional test date for the performance of this step.</p>		
<p>17. Review MTL's for the following:</p> <p>a. The information is complete in accordance with Regulation 22.062(3):</p> <p>1) Description of patron (or agent), which may include age, sex, race, eye color, hair, height and attire.</p> <p>2) Patron's name and agent's name, if known.</p> <p>3) Window number or other identification of the location where the wager occurred.</p> <p>4) Time and date of the wager.</p> <p>5) Dollar amount of the noncash wager.</p> <p>6) Signature of person accepting or approving the wager.</p> <p>b. Reportable transactions, including those transactions which when aggregated exceed \$10,000, and trace such transactions to the Book Wagering Reports.</p>		

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<p>18. Review Book Wagering Reports to ensure that the information recorded is complete in accordance with Regulation 22.061(6):</p> <p>a. The patron's and agent's (if applicable) name.</p> <p>b. The patron's and agent's (if applicable) identity credential information.</p> <p>c. The patron's and agent's (if applicable) social security number.</p> <p>d. Wager amounts.</p> <p>e. Date of transactions.</p>		
<p>19. For computerized systems, obtain the personnel access listing:</p> <p>a. For computerized systems that have group profiles (job specific profiles), select five group profiles and determine whether the job functions (rights) assigned to the group profile are appropriate for the group. In addition, select one employee from each of the groups and determine whether the group profile is appropriate for the employee.</p> <p>b. For computerized systems that have individual profiles (profiles are customized for each employee), select ten employees, encompassing as many positions as possible, and determine whether the job functions (rights) assigned to each employee are appropriate for the employee.</p> <p>c. Verify that inactive employees have been deleted.</p>		

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PARI-MUTUEL WAGERING

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PARI-MUTUEL WAGERING
WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary. **Note W/P Ref.:** _____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up. **Note W/P Ref.:** _____

The bolded number following each question refers to the applicable regulation.

Scope

This checklist must be completed once in each fiscal year.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in pari-mutuel wagering. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in your written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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PARI-MUTUEL WAGERING

WALK-THROUGH PROCEDURES

NOTE: It is also necessary to complete the walk-through procedures checklist for the Race & Sports Department for all pari-mutuel books.

WARNING: This checklist addresses pari-mutuel race wagering. For those auditing pari-mutuel sports wagering, design walk-through questions to determine compliance with **Regulation 26B**.

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Pari-Mutuel Wagering in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
2. Are house rules governing off-track pari-mutuel wagering transactions conspicuously displayed? Regulation 26A.040(11)					
Betting Ticket and Equipment Standards					
3. Does the book accept intrastate pari-mutuel wagers? Regulation 26A.020(7)					

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PARI-MUTUEL WAGERING

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
4. If yes: a. Does the book prohibit the <u>acceptance</u> of intrastate pari-mutuel wagers from any book, affiliate of the pari-mutuel book, or a systems operator providing the intrastate common pari-mutuel system? Regulation 26A.040(13)					
b. Does the book prohibit the <u>placing</u> of layoff wagers into an intrastate common pari-mutuel pool? Regulation 26A.040(13)					
5. For intrastate common pari-mutuel pools, does the total percentage of off-track pari-mutuel wagers that is deducted as a commission on wagers not exceed 25 percent? Regulation 26A.150(2)					
6. Does the book NOT : a. Accept from a bettor, directly or indirectly, less than the full face value of an off-track pari-mutuel wager? Regulation 22.125(1)(a)					

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PARI-MUTUEL WAGERING

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
b. Agree to refund or rebate to a bettor any portion or percentage of the full face value of an off-track pari-mutuel wager? Regulation 22.125(1)(b)					
c. Increase the payoff of, or pay a bonus on, a winning off-track pari-mutuel wager? Regulation 22.125(1)(c)					
d. Attempt to provide a benefit to the bettor by offering a wagering proposition or set or move its wagering odds, lines or limits? Regulation 22.125(2)					
e. Set lines or odds, or offer wagering propositions, designed for the purpose of ensuring that a patron will win a wager or series of wagers? Regulation 22.125(4)					
Surveillance 7. Is adequate video surveillance provided over the pari-mutuel area? Regulation 5.160(9)					

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PARI-MUTUEL WAGERING

WALK-THROUGH PROCEDURES

	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
<u>Procedures Modified or Added</u>					

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PARI-MUTUEL WAGERING

TESTING PROCEDURES

OBJECTIVES: To determine if controls for pari-mutuel wagering are adequate to ensure book revenues are accurately stated in financial records and comply with the MICS.

PREPARATION: Review the MICS variations and regulation waivers scheduled during the pari-mutuel walk-through procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedure modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walk-through Procedures Checklist".

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

SCOPE: Unless otherwise indicated, select 1 day per year.
Indicate Test Date:_____

COMPLETION: Using your own work papers, document the completion of the procedures listed below. All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up.
Note W/P Ref.:_____

WARNING: This checklist addresses pari-mutuel race wagering. For those auditing pari-mutuel sports wagering, design testing procedures to determine compliance with **Regulation 26B**.

	W/P Reference/Comments	Auditor's Initials/Date
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow-up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.		

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2. Select one day of racing at one track and recompute the commission for three races by obtaining the rounding direction for that particular meet and performance from the systems operator, then apply the appropriate percentage, by race and pool (win, place, show, etc. or exotic wagers), to the applicable net sales figure on the Sessions Sales Summary. Total the individual commission amounts for the race and compare to commission totals on the Reconciliation Report.		
If the licensee posts net sales, commissions and breakage amounts to the revenue journal daily, do steps 3 and 4. If such amounts are posted monthly, N/A these steps.		
3. Trace the net sales, commissions and breakage amounts from the Reconciliation Report to the revenue journal.		
4. Foot the daily commission and breakage amount in the revenue journal.		
5. Trace the monthly commission and breakage amounts from the revenue journal to the general ledger.		
6. Trace the net sales figure from the Reconciliation Report to the systems operator weekly Track Fee Report. Recompute the systems operator weekly Track Fee Report for accuracy.		
7. Trace the total weekly track fees to the General Ledger.		
8. Trace the total deposit or funds owed per the Reconciliation Report to the bank statement.		
9. Trace teller (writer/cashier) cash turn-in to the Teller Balance Report.		
10. Review the Exception History Report for propriety of transactions and unusual entries.		

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11. Review the procedures regarding refunds/additional payments of track fees and any unpaid winning tickets purged from the systems operator. Reconcile these amounts to the Pari-mutuel Race Revenue Journal or other appropriate accounting document to verify proper recording of revenue.		
12. Review the support to the NGC tax reports (e.g., accounting records, spreadsheets or general ledger accounts) to ensure that revenue is properly calculated and reported as follows: total commission on wagers, plus positive breakage, plus unpaid winners pursuant to Regulation 26A.040(12) , less negative breakage, less track fees. Trace the win/loss from the monthly revenue journal to that reported on the NGC tax reports. Examine general ledger accounts for any activity that should affect reported revenue.		
For the day selected perform the following steps 13-15.		
13. Foot the winning tickets and trace the total to the Teller Detail Report.		

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<p>14. For 10 of the tickets selected above, perform the following:</p> <ul style="list-style-type: none"> a. Match customer copy of ticket to the Audit Tape Report. b. Recalculate and verify proper payout. c. Trace ticket and payout amount to the Cashed Ticket Report. d. Trace winner of event to the Results Summary. e. Examine the ticket for the paid designation, amount of payment and date. f. Trace the winner to an independent source to verify the winner and pay amount. g. Trace the computer generated date and time on the ticket to the independent source to determine if past-posting has occurred. 		
<p>15. Select a sample of 5 canceled (VOID) tickets and perform the following:</p> <ul style="list-style-type: none"> a. Trace the ticket to the Exception Report. b. Verify that the ticket was not voided after the start of the event. c. Verify that the ticket contains the void designation and signatures of the writer/cashier and supervisor. 		
<u>Procedures Modified or Added</u>		

